

Fund Descriptions

The Village of Wauconda maintains 18 different funds for accounting purposes. Within each fund there may be multiple departments. The breakdown of funds/departments is as follows:

10 – General Fund – All financial resources except those required to be accounted for in another fund.

10 – Administration	16 – EMA
11 – Building Department	17 – Capital Development
12 – Police Department	18 – Debt Service
13 – Streets Department	19 – Economic Development
14 – Facility Maintenance	52 – 911 Dispatch Center
15 – Police & Fire Commission	80 – Road Bond

20 – Water/Sewer Fund – Provision of potable water and wastewater treatment services.

20 – Water	23 – Water/Sewer Capital
21 – Sewer	27 – Wastewater Collection
22 – Debt Service	

24 – Water/Sewer Restricted – Revenue collected via building permits set aside for capital improvement or capital debt.

25 – North Water Project – Special capital project for Phases I and II including Well #10, Spencer Highlands, Hillcrest, Elmcrest, and Wellsmere Heights.

26 – Water/Sewer Depreciation – Fund for repair or replacement of water/sewer system.

30 – Capital Projects – Fund for capital projects.

31 – Equipment Replacement – Fund for replacement of operating equipment.

40 – Ambulance – Provision of ambulance services (no longer active, but disclosed due to necessary historical data).

45 – Fire – Provision of fire services (no longer active, but disclosed due to necessary historical data).

50 – Marine – Water based services provided by the Police Department.

51 – Environmental – Environmental quality of life (testing, maintaining, and compliance).

55 – Motor Fuel Tax – Maintenance and construction of streets and roads as approved by the Illinois Department of Transportation. Sources of revenue are generated from the Village's share of gasoline taxes.

56 – Utility Tax – Revenues are generated from tax collected on natural gas, electric, and telecommunication usage. Monies used to fund General Fund shortfalls.

60 – IMRF – Illinois Municipal Retirement Fund (no longer active; was consolidated into the General Fund, but disclosed due to necessary historical data).

65 – Audit – Tax levy collected to fund auditing services.

70 – Tort – Tax levy collected to fund professional liability insurance.

72 – SSA #1 – Tax levy to fund debt for Special Service Area.

75 – Police Pension – Tax levy collected to fund the Police Pension Fund and appropriate costs.

80 – Alternate Bond – Tax levy collected as a result of passage of a referendum to fund street projects.

Definitions of Operating Budget Funds

General Fund

The General Fund is a major fund responsible for funding the expenditures of Administration, Building & Zoning, Police, Streets, Facility Maintenance, Police & Fire Commission, EMA and Economic Development. Such expenditures include: operating expenses, debt payments, payroll, capital purchases, and interfund transfers. The interfund transfers are used to subsidize other Governmental Funds' shortfalls.

One Month Operating Reserve

The One Month Operating Reserve is a new requirement set by the Village Board in compliance with the Governmental Accounting Standards Board fund balance policy. This GASB mandate is intended to provide clearer fund balance classifications that can be more consistently applied.

General Fund – PD Restricted Assigned

The PD Restricted and earmarked accounts consist of monies collected by the Police Department for specific infractions such as DUI, drug forfeitures and vehicle impoundments. The restricted accounts are governed by State statutes and the earmarked funds by the Village Board. These funds are limited in their potential uses and must be used by the Police Department for direct DUI/Drug related purposes.

Water/Sewer Fund

The Water/Sewer Fund is responsible for all aspects of establishing, operating and maintaining buildings, equipment, and work related to the supply and treatment of potable water, distribution of potable water, and collection, treatment, and disposal of sewage.

Water/Sewer Restricted

The Water/Sewer Restricted Fund consists of revenues collected via building permits and are set aside specifically for future capital improvements that pertain to the Water and Sewer system. This fund is also currently subsidizing the debt service attained for Water/Sewer capital improvements.

North Water Project

This is a special fund set up for specific capital improvements in the Spencer Highlands, Hillcrest, Elmcrest, and Wellsmere Heights subdivisions. These funds are made up of IEPA grants, IEPA loans, and reimbursements from the Task Group.

Water/Sewer Depreciation

This fund is set up to provide for repairs, maintenance, and replacements to the Water/Sewer system. The funds available have been attained as a result of past interfund transfers from the Water/Sewer Fund.

Capital Project

This fund is used to account for financial resources used for the acquisition or construction of major capital facilities.

Equipment Replacement

The Equipment Replacement fund is used for the replacement of operating equipment. The intent of this Equipment Replacement fund is to set aside monies to help replace current operating equipment as needed.

Marine

The Marine Fund is used exclusively by the Police Department to fund their water based services. Revenues are generated by the collections of payments from issued fines, inspections, and permits.

Environmental

The Environmental Quality Fund provides for maintaining compliance with the Illinois Environmental Protection Agency requirements. It is currently being supported entirely by the Water/Sewer Fund.

Motor Fuel Tax

Maintenance and construction of streets and roads as approved by the Illinois Department of Transportation are funded from the Motor Fuel Tax Fund. Sources of revenue are generated from the Village's share of gasoline taxes, State issued allowances, and grants.

Utility Tax

The Utility Tax Fund is made up of revenues generated from taxes collected on natural gas, electricity, and telecommunication usage. These funds are used to subsidize the General Fund.

Audit

The Audit Fund is used to pay for independent auditing services provided to the Village. Revenues for this fund are generated by a tax levy.

Tort

This fund is used to pay professional liability insurance premiums. Revenues for this fund are generated by a tax levy.

SSA #1

The Special Service Area Fund accounts for the collection of property taxes within the Special Service Area and the payment of related Special Service Area debt. This SSA #1 is an agency fund, which is managed by the Village of Wauconda and has no financial impact on the budget.

Police Pension

The Police Pension Fund is used to account for assets held in a trustee capacity for pension benefit payments. The Police Pension Fund accounts for the accumulation of resources to be used for disability and retirement annuity payments to employees covered by the plan. The Village of Wauconda levies a tax based on an actuarial report provided annually.

Alternate Bond

The Alternate Bond Fund is the Debt Service Fund for the 2008 Road Bond. As a result of the passage of a referendum, a tax levy is issued annually for the bond payment. This bond levy is separate from the Village of Wauconda's levied funds.

Purpose and Function of the Finance Department

The Finance Department is part of the Administration Department and is responsible for maintaining the fiscal operation and integrity of the Village of Wauconda. This entails investing, managing, collecting, and recording all sources and uses of funds. The Finance Department is required to follow rules and regulations set by the Governmental Accounting Standards Board (GASB) and Generally Accepted Accounting Principles (GAAP). The external audit which is also guided by the regulations set by GASB and GAAP are the checks and balances of any Finance Department in a government entity.

The Finance Department is also in charge of providing Information Technology (IT) services to the Village either by internal staff or an outside consultant. This Department also oversees the utility

billing process and audits the daily operation. Due to the need to consolidate job responsibilities, the Human Resource Department and Risk Management have been integrated with this Department as well.

This Department is required to internally implement and oversee all regulations that are directed by GASB. One of its significant responsibilities is assuring that the Village is complying and practicing appropriate internal controls.

The Finance Department has a professional responsibility to attain the appropriate training and education that the governing agencies mandate. In this industry there will always be continuous changes in regulations because of the need to protect the interest and integrity of the entity.

The Village of Wauconda, for the last three years, has been granted the Certificate of Achievement for Excellence in Financial Reporting. This achievement is the highest form of recognition in governmental accounting and financial reporting. It is a reflection of a significant accomplishment by a government and its' management.

Local Economy

The Village continues experiencing the impact that the national economy is having on many municipalities. From the inception of this financial change in the economy, the Village has been diligent in taking measures to prepare for the challenge this volatile economy has to offer. This volatility has affected the Village in many areas such as staffing, revenues, capital development, real estate, and new business opportunities.

As a result of the national economic conditions, the Village continues to experience a decrease or ceasing of new construction, an increase in foreclosures, and less consumer and business spending. Even so, due to the preparation of this anticipated financial challenge, the Village has been able to maintain a balanced budget, provide the same level of service, and strive to complete many other commitments to the residents.

The Budget Process

The Village's annual budget includes the authorization and documentation of the estimated revenues, expenditure budgets, and operating transfers for all Accounting Funds subject to appropriation for each fiscal year beginning May 1 and ending April 30. The Village's budgetary operations are governed under the provision of the Appropriation Act as established by Illinois Statute (65 ILCS 5/8-2-9). The budget process is coordinated by the Finance Director under the direction of the Village Administrator. In accordance with the Appropriation Act, the Village is required to adopt an

annual budget for Governmental Funds, Enterprise Funds, and Pension Trust Funds. The following pages provide a description of the budget process as well as a budget calendar that illustrates the key dates included in the process.

Review and Development

Mid year, a budget calendar is set which includes staff meetings, Finance Committee meetings, and a Committee of the Whole (COW) meeting to prepare for the approval of the coming year's budget. At these meetings, the Village's goals and guidelines for the budget process are identified. Based on these goals and guidelines, budget instructions and worksheets are provided to Department Heads by the beginning of December. Departments finalize their budget requests and submit them to the Finance Director in the first week of January. A draft budget is completed in the beginning of January, and the Department Heads meet with the Village Administrator and the Finance Director to discuss their respective Department's budget requests. At such time, any adjustments necessary to balance the budget and effectively meet the set objectives established by the Board are initiated. Once the staff meetings have been completed, the first draft is presented to the Board for further discussion and direction.

Adoption of the Budget

Once the budget process has been completed, the members of the Village Board approves the Operating Budget at a regular board meeting. Immediately after the approval, the Finance Department prepares the budget books and inputs the entire budget by line item into the Finance program.

Amendments and Transfers

The Village Administrator and the Finance Director may approve transfers of money between accounts within an Accounting Fund within their authority as long as these transfers do not result in a change to the total expenditure amount included in the approved budget for the respective Accounting Fund.

Budget Calendar

<u>Description of Activity</u>	<u>Schedule</u>
Revenue estimate completed by Finance Director	Monthly

Revenue and Estimate presented to the Village Board by the Finance Director	Quarterly
Distribute budget request sheets for the anticipated current year end and future projections	December
Projected personnel expenditures completed by Finance Director, payroll clerk, and Human Resources	January
Budget request sheets for the anticipated current year end and future projections due to the Finance Department	January
Department narratives for the upcoming fiscal year distributed by the Finance Department to Department Heads	January
Discussion of departmental budget requests between Village Administrator, Finance Director and Department Heads	January
First draft of the budget submitted to the Mayor and Board of Trustees	January
Completed department narratives due to the Finance Department	February
Completion of data entry of Department budget requests and generation of budgets for funds and departments	April
Committee of the Whole Budget meetings	January/February/March/April
Production of printed Budget Document	May
Public hearing, passage and filing of appropriation ordinance for expenditures and revenues.	July